

US EPA ARCHIVE DOCUMENT



National Recycling Coalition

KEEP AMERICA BEAUTIFUL, INC. AND NATIONAL RECYCLING COALITION, INC.

Term Sheet for Proposed Combination and Interim Financing

This term sheet summarizes the terms upon which Keep America Beautiful, Inc. ("KAB") is willing to consummate a combination with National Recycling Coalition, Inc. ("NRC"). This term sheet does not constitute a legally binding obligation.

- Transaction Structure:*** The transaction will be structured as the purchase of certain assets and the assumption of certain liabilities of NRC. NRC will immediately dissolve following consummation of the transfer. (Consummation of the asset acquisition and dissolution, collectively, the "Combination.")
- Assets to be Purchased:*** KAB will purchase all trademarks, tradenames and URLs; any associated rights of the trademarks, tradenames and URLs; member lists; affiliate lists; fixed assets; and goodwill and intangible assets associated with the trademarks, tradenames, events, programs and activities of NRC, including its Annual Congress and Exhibition and Leadership Symposium (the "Purchased Assets").
- Liabilities to be Assumed:*** Subject to due diligence by KAB, KAB will assume up to \$500,000 of NRC's existing liabilities, and assume post-closing obligations in connection with specified contracts (the "Assumed Liabilities").
- Consideration:*** As consideration for the transfer of the Purchased Assets, KAB will (i) pay or assume the Assumed Liabilities; and (ii) forgive any amounts due and payable under the Interim Financing (described below).
- Operations and Governance:*** Following consummation of the Combination, KAB shall establish a separate unit for the operation of the NRC programs (the "NRC Unit"). In addition, KAB shall form an NRC advisory council to provide consultation to KAB

regarding the NRC Unit activities.

The NRC advisory council shall have the ability to present up to 3 candidates (or that number of candidates as would represent 10% of the KAB Board) for positions as directors of the Board to the KAB board nominating committee each year.

Interim Financing

Upon approval of the Combination by NRC's Board of Directors and subject to negotiation of definitive loan documents satisfactory to the parties, KAB will pay up to \$50,000 per month of budgeted operating expenses of NRC for a period not to exceed four (4) months (or \$200,000) in exchange for a secured promissory note of NRC. The promissory note will accrue interest at eight percent (8%) per year and will be secured by all of NRC's rights, title and interest in and to the America Recycles Day trademark and programs. As additional consideration for the Interim Financing to be provided as described herein, KAB will have a non-exclusive license to use the America Recycles Day trademark until the loan is repaid in full.

All amounts advanced under the promissory note will be due and payable within thirty (30) days after demand by KAB in the event that either (i) the Combination is rejected by the members of NRC; or (ii) the Combination is not otherwise consummated on or before October 1, 2009. Customary events of default to be specified in the financing documents. In the event of a default, KAB will assume the collateral.

Amounts advanced shall be used only for operating expenses included in a budget approved by KAB. Any expenses that are not included in the budget, or any expenses that would cause operating expenses to exceed the approved budget by more than 20% shall be subject to the prior written approval of KAB. At the request of KAB, NRC will provide to KAB a written report of all operating expenses paid from the Interim Financing; any breach of the obligation to use the Interim Financing only for budgeted operating expenses will constitute an event of default.

Closing Conditions:

Closing of the Interim Financing will be subject to:

1. Completion of due diligence to the reasonable satisfaction of KAB with respect to the America Recycles Day trademark, including confirmation that no royalties

or other obligations are owed to third parties in connection with the mark.

2. Negotiation and execution of the definitive financing documents reflecting the provisions set forth herein.
3. Approvals by the KAB and NRC Board of Directors.
4. Approval of the NRC Board of Directors of the Combination and recommendation of the Combination by the NRC Board to the NRC members.

Closing of the Combination will be subject to:

1. Completion of due diligence to the reasonable satisfaction of KAB.
2. Negotiation and execution of the definitive documents reflecting the provisions set forth herein.
3. Approvals by the KAB and NRC Board of Directors and the requisite approval by the NRC members.
4. All required governmental approvals for the transfer of assets and dissolution and NRC.
5. Satisfaction of all creditors of NRC.

Representations and Warranties; Survival:

The definitive transaction documents will contain representations and warranties that are customary and appropriate for transactions of this type.

Governing Law:

State of Connecticut

Closing Date

KAB and NRC will use their best efforts to (i) consummate the Interim Financing by June 15, 2009; and (ii) consummate the Combination by October 1, 2009.

No Shop/Confidentiality:

KAB and NRC agree to work in good faith expeditiously towards a closing of the Interim Financing and Combination. NRC agrees that through October 1, 2009 it will not (i) take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than KAB relating to the acquisition, sale, lease, license (other than licensing discussions in the ordinary course of business) or other disposition of the NRC or any of its assets, (ii) negotiate with any party other than KAB with regard to the foregoing (and will formally terminate all negotiations ongoing as of the date hereof), (iii) provide information to any party other than KAB in preparation for any of the foregoing, or (iv) enter into any agreement regarding any of the foregoing. NRC will notify KAB promptly

of any inquiries by any third parties in regards to any of the matters set forth in the preceding sentence, including the identity of the inquiring party and the terms of any proposal. NRC will not, without the prior written consent of KAB, disclose the existence or terms of this Term Sheet to any person other than officers, members, or directors of NRC and NRC's accountants and attorneys.

Expiration:

This Term Sheet shall expire on June 15, 2009 if not accepted by the NRC Board of Directors by that date.